

ADELANTE (PUBLIC RE - REITS)
DOMESTIC EQUITY: WILSHIRE REIT BENCHMARK

FOR THE MONTH OF: **SEPTEMBER** **2008**

MANAGER PERFORMANCE CALCULATIONS

* Annualized returns

	Last Month	Last 3 Months	Last 1 Year	Last 3 Years*	Last 5 Years*
Adelante Total Return	-6.57%	-5.12%	-23.29%	1.07%	11.81%
Wilshire REIT Index	-0.42%	4.78%	-12.46%	5.18%	13.43%

PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS

For the month ending September 30, 2008 – The Account underperformed the Dow Jones Wilshire REIT Index by 615 basis points due to both sector allocation and security selection. The key drivers of the underperformance were security selection within Lodging, Regional Retail and Office along with coupled with our avoidance of the Health Care sector. Storage was the best performing sector in the Index and our lack of exposure also created a drag on performance. The best performing holding was Federal Realty Investment Trust, up 14.2%; the worst performing holding was General Growth Properties, down 42.4%.

For the trailing quarter ending September 30, 2008 - The Account underperformed the Dow Jones Wilshire REIT Index by 990 basis points due to both sector allocation and security selection. Security selection within Office, Regional Retail and Hotel and sector allocation in Lodging, Regional Retail and Office were the primary factors for the underperformance. Sector allocations to Health Care, Regional Retail and Storage also contributed to the underperformance. The overweight to Apartment provided a positive contribution. Our best performing holding was Federal Realty Investment Trust, up 23.5%; the worst performing holding was General Growth Properties, falling 58.4%.

Comments – With the financial collapse of banking brands, nationalization of the GSEs and the Treasury TARP request, investor confidence has been shaken, leading to incredible volatility in REIT shares. With a severe economic contraction ahead and deleveraging on everyone's mind, companies with solid cash flows have succumbed to outsized returns to attract new capital; the Warren Buffet deals, 10% plus warrants pricing for Goldman Sachs and General Electric, have set a short term level which is handicapping other businesses, large and small, as they seek capital. In turn, commercial real estate valuations are under extreme near-term pressure until the credit market stabilizes. We have become a victim (General Growth) in this market environment and continue to closely analyze our holdings; however, short term sentiment is ruling the day. We are very disappointed with our results but continue to believe in the real estate footprint controlled by each of our holdings. We have been increasing our cash exposure in anticipation of pullbacks between now and year-end.

MANAGER STYLE SUMMARY

Adelante (formerly Lend Lease Rosen) manages the public real estate portfolio, comprised of publicly-traded real estate companies, primarily real estate investment trusts (REITs). Investments will generally fall into one of three categories as described in the Portfolio Attributes section: Core holdings, Takeover/Privatization candidates, and Trading Opportunities. Typical portfolio characteristics include current pricing at a discount relative to the underlying real estate value, attractive dividend prospects, low multiple valuations (P/FFO), and expert management. Chadwick Saylor (in conjunction with Hamilton Lane) oversees the investments in this portfolio, along with the private real estate portion.

ADELANTE (PUBLIC RE - REITS)
DOMESTIC EQUITY: WILSHIRE REIT BENCHMARK

PORTFOLIO GUIDELINE COMPLIANCE

SEPTEMBER

2008

Portfolio Guideline:	Adelante	Wilshire REIT	Calc	Min	Max	Compliance
B2. All securities are publicly-traded real estate companies, primarily real estate investment trusts						ok
B3. Mkt Cap of Issuers of Securities in the Account				\$250		ok
B4. Single Security Positions <= 30% @ purchase						ok
B6a. P/FFO (12-mo trail)	14.46	14.73	0.98		1.30	ok
B6b. Beta	1.02	1.00	1.02	0.70	1.30	ok
B6c. Dividend Yield	4.60	5.04	0.91	0.80	2.00	ok
B6d. Expected FFO Growth	2.46	3.22	76%	80%	120%	check
E2. Commissions not to exceed \$0.06/share						ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines						<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

MANAGER EXPLANATIONS FOR DEVIATIONS FROM PORTFOLIO GUIDELINES

B6a. P/FFO: Low FFO growth due to deceleration of transactional income for industrial companies and revenues for lodging companies.

PORTFOLIO ATTRIBUTES

Portfolio Guidelines section B5

Core Holdings (40% - 100%)

Actual: 84% ok

Consists of investments with the following characteristics: premier asset portfolios and management teams, attractive dividend yields, low multiple valuations, real estate property types or regions that are less prone to experience the impact of an economic slowdown.

Takeover/Privatization Candidates (0% - 15%)

Actual: 0% ok

Focuses on smaller companies which may be attractive merger candidates or lack the resources to grow the company in the longer-term. Also focuses on companies which may have interest in returning to the private market due to higher private market valuations.

Trading Arbitrage (0% - 20%)

Actual: 9% ok

Focuses on high quality companies which may become over-sold as investors seek liquidity.

ORGANIZATIONAL/PERSONNEL CHANGES

None

ACCOUNT TURNOVER

Gained:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
Lost:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
	Reason(s):				